Bill

Received: 02/08/2000

Received By: kahlepi

Wanted: As time permits

Identical to LRB:

For: Commerce

By/Representing: Brenda Blanchard

This file may be shown to any legislator: NO

Drafter: kahlepi

May Contact:

Alt. Drafters:

Subject:

Econ. Development - misc.

Extra Copies:

Econ. Development - bus. dev.

Pre Topic:

No specific pre topic given

Topic:

Direct department of commerce to create nonprofit organization to promote creation of high-tech businesses

Instructions:

See Attached

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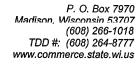
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Tommy G. Thompson, Governor Brenda J. Blanchard, Secretary



February 3, 2000

Mr. Stephen R. Miller, Director Legislative Reference Bureau 100 North Hamilton Street Madison, WI 53701-2037

Dear Mr. Miller:

Governor Thompson highlighted the creation of a new High Technology Corporation to aggressively attract and develop science-based companies in his State of the State address on January 26, 2000. He has requested the Department of Commerce to take the lead role in having a bill drafted to create the corporation.

I am requesting that a bill be drafted to create the Wisconsin High Technology Corporation, and have attached drafting instructions. The corporation is to be funded with new General Purpose Revenue (GPR) monies.

If you have questions about the proposal, please contact Louie Cornelius, the Director of Policy and Budget at 266-8629.

Thank you in advance for your assistance in preparing this draft legislation.

Sincerely,

Brenda J. Blanchard

Secretary

Enclosure

ccs: Bob Wood, Office of the Governor

David Schmiedicke, State Budget Office Chris Spooner, Department of Commerce Louie Cornelius, Department of Commerce

See 560-28

Wisconsin Department of Commerce

Organization for Facilitating Start-up and Growth of High-Tech Businesses in Wisconsin

Drafting Instructions

Draft legislation directing the Department of Commerce to create a nonprofit corporation under Chapter 181 of the statutes.

Organizational Mission

The corporation will promote and support the creation, development and retention of science and technology based businesses in Wisconsin. To do so, the corporation will establish and implement key programs focused on partners crucial to the success of high technology firms -- entrepreneurs, business, professional services, seed and venture capital, universities, and state government.

Board of Directors

The corporation will be governed by a board of directors consisting of at least 11 members, including the following:

The secretary of Commerce or designee

The president of the UW System or designee

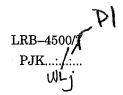
Representatives of the entrepreneurial, high tech, venture capital, investment banking, local government, and business development communities, and professionals experienced in providing services to these communities.

Funding

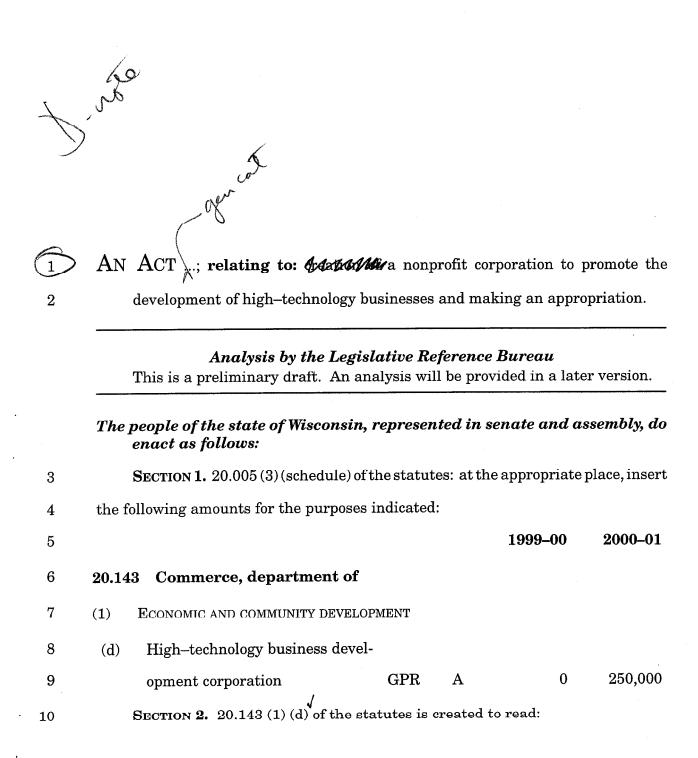
Create an annual GPR appropriation within s. 20.143 to provide assistance to the corporation. From this appropriation, the Department of Commerce will provide funds to the corporation on an initial grant of \$50,000, followed by dollar for dollar matching funds up to a maximum of \$200,000 in the first year of operation, followed by a dollar for dollar matching of up to a maximum of \$250,000 in subsequent years. Before the Department of Commerce may disburse funds to the corporation, the corporation must report to it on funds received from private sources.



State of Misconsin 1999 - 2000 LEGISLATURE



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



SECTION 2

20.143 (1) (d) High-technology business development corporation. The
amounts in the schedule for the grant and matching funds specified in s. 560.27 (1)
(b). (d)
SECTION 3. 560.27 of the statutes is created to read:
560.27 High-technology business development corporation. (1) (a) The

department shall organize and maintain a high-technology business development corporation as a nonstock, nonprofit corporation under ch. 181 for the exclusive purpose of promoting and supporting the creation, development and retention of science—based and technology—based businesses in the state. In furtherance of its purpose, the corporation shall establish and implement programs focused on key elements necessary for the success of high-technology firms, including entrepreneurs, businesses, professional services, seed and venture capital, universities and state government.

- (b) From the appropriation under s. 20.143 (1) (d), the department shall do all of the following:
- 1. Make a one-time grant of \$50,000 to the high-technology business development corporation for start-up capital and reasonable administrative expenses of the corporation.
- 2. In fiscal year 2000–01, for projects undertaken by the high-technology business development corporation, provide matching funds equal to 50% of the cost of a project, up to a total of \$200,000 in the fiscal year.
- 3. In fiscal year 2001–02, and in each fiscal year thereafter, for projects undertaken by the high-technology business development corporation, provide matching funds equal to 50% of the cost of a project, up to a total of \$250,000 in a fiscal year.

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1	(c) Notwithstanding par. (b) 2. and 3., the department may not disburse any
2	matching funds to the corporation under par. (b) 2.4 or 3.4 for a project unless the
3	corporation provides to the department information requested by the department
4	about private funding the corporation has received or will receive for the project.
5	(2) (a) The corporation shall be governed by a board of directors, consisting of
6	the secretary, or his or her designee, the president of the University of Wisconsin
7	System, or his or her designee, and at least 9 other members, one or more of whom
8	represents each of the following categories:
9	1. Entrepreneurs in the state.
10	2. High-technology businesses in the state.
11	3. The state's venture capital industry.
12	4. The state's investment banking industry.
13	5. Local governments in the state.
14	6. The state's business development community.
15	7. Professionals in the state who are experienced in providing services to
16	persons specified in subds. 1. to 6.
17	(b) The members who are representatives of the categories under par. (a) 1. to
18	7. shall serve 5-year terms and the initial members who are representatives of the
19	categories under par. (a) 1. to 7. shall be appointed by the governor. The
20	high-technology business development corporation, in its bylaws, shall specify the

method for electing new members who are representatives of the categories under

provide a report on its activities to the appropriate standing committees of each

(3) Annually, the high-technology business development corporation shall

par. (a) 1. to 7. and for filling vacancies.

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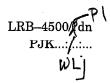
house of the legislature in the manner provided under s. 13.172 (3) and to the governor.

(4) The assets transferred to, and the assets and liabilities of, the high-technology business development corporation shall be separate from all other assets and liabilities of the state, of all political subdivisions of the state and of the department. Neither the state, any political subdivision of the state nor the department guarantees any obligation of or has any obligation to the high-technology business development corporation. Neither the state, any political subdivision of the state nor the department is liable for any debt or liability of the high-technology business development corporation.

(END)

The same

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU



This is a preliminary draft. I assumed that fiscal year 2000–01 would be the first year in which any monies would be provided to the corporation. Some of the language included in this draft was taken from the vetoed budget provision related to the biotechnology development finance company. (See especially s. 560.27 (2) (b), (3) and (4).) Let me know what changes, if any, you would like before this draft is finalized and an analysis is added.

> Pamela J. Kahler Senior Legislative Attorney Phone: (608) 266-2682

E-mail: Pam.Kahler@legis.state.wi.us

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-4500/P1dn PJK:wlj:km

February 15, 2000

This is a preliminary draft. I assumed that fiscal year 2000–01 would be the first year in which any moneys would be provided to the corporation. Some of the language included in this draft was taken from the vetoed budget provision related to the biotechnology development finance company. (See especially s. 560.27 (2) (b), (3) and (4).) Let me know what changes, if any, you would like before this draft is finalized and an analysis is added.

Pamela J. Kahler Senior Legislative Attorney Phone: (608) 266–2682

E-mail: Pam.Kahler@legis.state.wi.us

STATE OF WISCONSIN – **LEGISLATIVE REFERENCE BUREAU** – LEGAL SECTION (608–266–3561)

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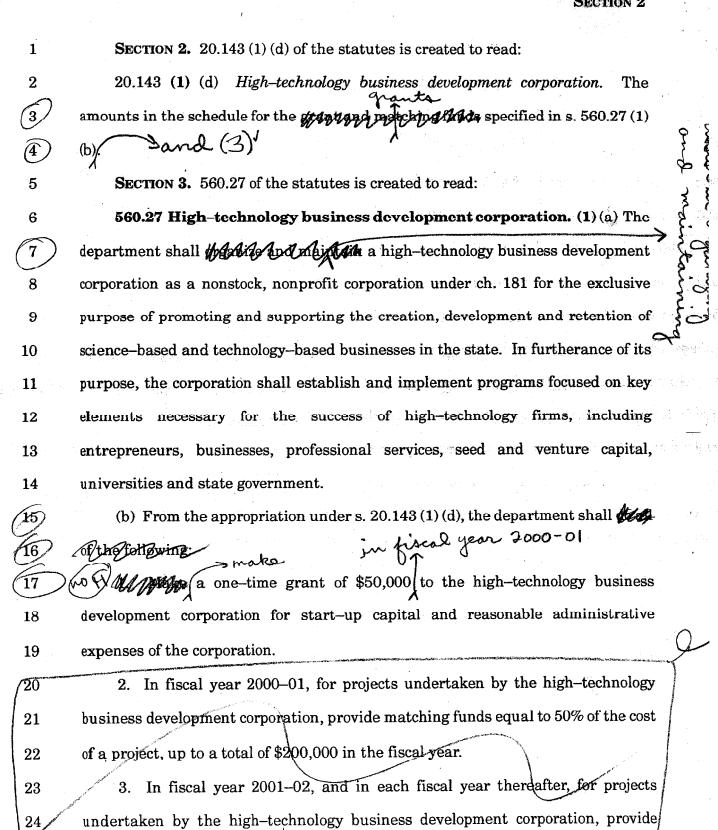
State of Misconsin 1999 - 2000 LEGISLATURE

LRB-45008

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



to create 20.143 (1) (d) and 560.27 of the statutes; relating to: a 1 nonprofit corporation to promote the development of high-technology 2 businesses and making an appropriation. 3 Analysis by the Legislative Reference Bureau This is a preliminary draft. An analysis will be provided in a later version. The people of the state of Wisconsin, represented in senate and assembly, do enact as follows: Section 1. 20.005(3) (schedule) of the statutes: at the appropriate place, insert 4 the following amounts for the purposes indicated: 5 1999-00 2000-01 6 20.143 Commerce, department of 7 ECONOMIC AND COMMUNITY DEVELOPMENT 8 **(1)** High-technology business devel-9 (d) 250,000 0 GPR Α opment corporation 10



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1 .	matching funds equal to 5	0% of the cost of a pro	ject, up to a	total of \$250	,000 in a fiscal
2	year				and Section .

- (c) Notwithstanding par. (b) 2. and 3., the department may not disburse any matching funds to the corporation under par. (b) 2. or 3. for a project unless the corporation provides to the department information requested by the department about private funding the corporation has received or will receive for the project.
- (2) (a) The corporation shall be governed by a board of directors, consisting of the secretary, or his or her designee, the president of the University of Wisconsin System, or his or her designee, and at least 9 other members, one or more of whom represents each of the following categories:
 - 1. Entrepreneurs in the state.
- 2. High-technology hisinesses in the state.
- 3. The state's venture capital industry.
- 14 4. The state's investment banking industry.
- 5. Local governments in the state.
- 6. The state's business development community.
 - 7. Professionals in the state who are experienced in providing services to persons specified in subds. 1. to 6.
 - (b) The members who are representatives of the categories under par. (a) 1. to 7. shall serve 5-year terms and the initial members who are representatives of the categories under par. (a) 1. to 7. shall be appointed by the governor. The high-technology business development corporation, in its bylaws, shall specify the method for electing new members who are representatives of the categories under par. (a) 1. to 7. and for filling vacancies.

luset 3-241)

Annually, the high-technology business development corporation shall provide a report on its activities to the appropriate standing committees of each house of the legislature in the manner provided under s. 13.172 (3) and to the governor.

The assets transferred to, and the assets and liabilities of, the high-technology business development corporation shall be separate from all other assets and liabilities of the state, of all political subdivisions of the state and of the department. Neither the state, any political subdivision of the state nor the department guarantees any obligation of or has any obligation to the high-technology business development corporation. Neither the state, any political subdivision of the state nor the department is liable for any debt or liability of the high-technology business development corporation.

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1999-2000 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

INSERT 3-24

1	(3) (a) Subject to par. (c), the department may make a grant to the
2	high-technology business development corporation, from the appropriation under s.
3	20.143 (1) (d), if all of the following apply:
4	1. The corporation submits an expenditure plan to the department detailing
5	the proposed use of the grant proceeds and the secretary approves the plan.
6	2. The corporation enters into a written agreement with the department that
7	specifies the conditions for the use of the grant proceeds, including reporting and
8	auditing requirements.
9	3. The corporation provides matching funds equal to 50% of the grant proceeds.
10	4. The corporation provides to the department information requested by the
11	department about private funding the corporation has received or will receive for the
12	purposes detailed in the expenditure plan under subd. 1.
	****Note: Is this too specific? Would you prefer to end the sentence after "will receive"?
13	5. The corporation agrees in writing to submit to the department the report
14	required by par. (b) by the time required under par. (b).
15	(b) If the corporation receives a grant under this subsection, the corporation
16	shall submit to the department, within 6 months after spending the full amount of
(17)	the grant, a report detailing how the grant proceeds were used.
18	(c) The department may not make grants under this subsection that exceed
19	\$200,000 in total in fiscal year $2000-01$, or that exceed $$250,000$ in total in any fiscal
20	year thereafter.

(END OF INSERT 3-24)

STATE OF WISCONSIN – **LEGISLATIVE REFERENCE BUREAU** – LEGAL SECTION (608–266–3561)

2-21
Louie Comeluis (Commerce)
LRB-4500
change to
p. 2, l. 6 / "dept shall organize and assist in maintaining"
and assist in
maintaining
re, *** note on p3 - language is dean
man have a hearing on it on Wed. (ct souliest)
(at sources)



State of Misconsin 1999 - 2000 LEGISLATURE

LRB-4500/JP PJK:wlj:km

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Leaded to some with

AN ACT to create 20.143 (1) (d) and 560.27 of the statutes; relating to: a nonprofit corporation to promote the development of high-technology businesses and making an appropriation.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

6 **1999–00 2000–01**

7 20.143 Commerce, department of

8

(1) ECONOMIC AND COMMUNITY DEVELOPMENT

9 (d) High-technology business devel-

opment corporation GPR A 0 250,000

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SECTION 2. 20.143 (1) (d) of the statutes is created to read:

20.143 (1) (d) High-technology business development corporation. The amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (3).

SECTION 3. 560.27 of the statutes is created to read:

department shall assist in project maintaining a high-technology business development corporation as a nonstock, nonprofit corporation under ch. 181 for the exclusive purpose of promoting and supporting the creation, development and retention of science-based and technology-based businesses in the state. In furtherance of its purpose, the corporation shall establish and implement programs focused on key elements necessary for the success of high-technology firms, including entrepreneurs, businesses, professional services, seed and venture capital, universities and state government.

- (b) From the appropriation under s. 20.143(1)(d), the department shall make a one-time grant of \$50,000 in fiscal year 2000-01 to the high-technology business development corporation for start-up capital and reasonable administrative expenses of the corporation.
- (2) (a) The high-technology business development corporation shall be governed by a board of directors, consisting of the secretary, or his or her designee, the president of the University of Wisconsin System, or his or her designee, and at least 9 other members, one or more of whom represents each of the following categories:
 - 1. Entrepreneurs in the state.
 - 2. High-technology businesses in the state.
- 3. The state's venture capital industry.

6 (b) The members who are representatives of the categories under par. (a) 1. to 7. shall serve 5-year terms and the initial members who are representatives of the 8 categories under par. (a) 1. to 7. shall be appointed by the governor. The 9 high-technology business development corporation, in its bylaws, shall specify the 10 method for electing new members who are representatives of the categories under 11 par. (a) 1. to 7. and for filling vacancies. 12 (3) (a) Subject to par. (c), the department may make a grant to the 13 high-technology business development corporation, from the appropriation under s. 14 20.143 (1) (d), if all of the following apply: 15 1. The corporation submits an expenditure plan to the department detailing 16 the proposed use of the grant proceeds and the secretary approves the plan. 17 2. The corporation enters into a written agreement with the department that 18 specifies the conditions for the use of the grant proceeds, including reporting and 19 auditing requirements. 20 3. The corporation provides matching funds equal to 50% of the grant proceeds. 4. The corporation provides to the department information requested by the		1	4. The states investment banking industry.
7. Professionals in the state who are experienced in providing services to persons specified in subds. 1. to 6. (b) The members who are representatives of the categories under par. (a) 1. to 7. shall serve 5-year terms and the initial members who are representatives of the categories under par. (a) 1. to 7. shall be appointed by the governor. The high-technology business development corporation, in its bylaws, shall specify the method for electing new members who are representatives of the categories under par. (a) 1. to 7. and for filling vacancies. (3) (a) Subject to par. (c). the department may make a grant to the high-technology business development corporation, from the appropriation under s. 20.143 (1) (d), if all of the following apply: 1. The corporation submits an expenditure plan to the department detailing the proposed use of the grant proceeds and the secretary approves the plan. 2. The corporation enters into a written agreement with the department that specifies the conditions for the use of the grant proceeds, including reporting and auditing requirements. 3. The corporation provides matching funds equal to 50% of the grant proceeds. 4. The corporation provides to the department information requested by the department about private funding the corporation has received or will receive for the purposes detailed in the expenditure plan under subd. 1.		2	5. Local governments in the state.
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6 (b) The members who are representatives of the categories under par. (a) 1. to 7. shall serve 5-year terms and the initial members who are representatives of the 8 categories under par. (a) 1. to 7. shall be appointed by the governor. The 9 high-technology business development corporation, in its bylaws, shall specify the 10 method for electing new members who are representatives of the categories under 11 par. (a) 1. to 7. and for filling vacancies. 12 (3) (a) Subject to par. (c), the department may make a grant to the 13 high-technology business development corporation, from the appropriation under s. 14 20.143 (1) (d), if all of the following apply: 15 1. The corporation submits an expenditure plan to the department detailing 16 the proposed use of the grant proceeds and the secretary approves the plan. 17 2. The corporation enters into a written agreement with the department that 18 specifies the conditions for the use of the grant proceeds, including reporting and 19 auditing requirements. 20 3. The corporation provides matching funds equal to 50% of the grant proceeds. 21 4. The corporation provides to the department information requested by the 22 department about private funding the corporation has received or will receive for the 23 purposes detailed in the expenditure plan under subd. 1.		4	7. Professionals in the state who are experienced in providing services to
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		23	purposes detailed in the expenditure plan under subd. 1.

5. The corporation agrees in writing to submit to the department	the	report
	•	
required by par. (b) by the time required under par. (b).		

- (b) If the corporation receives a grant under this subsection, the corporation shall submit to the department, within 6 months after spending the full amount of the grant, a report detailing how the grant proceeds were used.
- (c) The department may not make grants under this subsection that exceed \$200,000 in total in fiscal year 2000-01, or that exceed \$250,000 in total in any fiscal year thereafter.
- (4) Annually, the high-technology business development corporation shall provide a report on its activities to the appropriate standing committees of each house of the legislature in the manner provided under s. 13.172 (3) and to the governor.
- high-technology business development corporation shall be separate from all other assets and liabilities of the state, of all political subdivisions of the state and of the department. Neither the state, any political subdivision of the state nor the department guarantees any obligation of or has any obligation to the high-technology business development corporation. Neither the state, any political subdivision of the state nor the department is liable for any debt or liability of the high-technology business development corporation.

1999-2000 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

INSERT A

This bill requires the department of commerce (department) to organize and assist in maintaining a nonprofit corporation to promote and support the creation, development and retention of science-based and technology-based businesses in the state through the establishment and implemention of programs that focus on various elements that are important for the success of high-technology firms, such as entrepreneurs, seed and venture capital, universities and state government. The department must make a one-time grant of \$50,000 to the corporation for start-up capital and administrative expenses. Thereafter, the department may make grants to the corporation if the corporation submits an expenditure plan that is approved by the secretary of commerce (secretary), the corporation provides 50% of the funding for the project from other sources, the corporation provides information requested by the department related to funds received from private sources and the corporation enters into a written agreement with the department related to the use of the grant proceeds. Every time the corporation receives a grant from the department, it must submit a report to the department with detailed information on how it spent the grant proceeds. Not including the start-up grant, the department may grant no more than \$200,000 to the corporation in fiscal year 2000-01 and no more than \$250,000 in a fiscal year thereafter.

The corporation is to be governed by a board of directors that will consist of the secretary, or his or her designee, the president of the University of Wisconsin System, or his or her designee, and at least nine other members who are appointed by the governor and who represent entrepreneurs in the state, high—technology businesses in the state, the state's venture capital industry, the state's investment banking industry, local governments in the state and professionals who are experienced in providing services to persons in the aforementioned categories. Every year, the corporation must submit a report on its activities to the appropriate standing committees of the legislature.

Under current law, the department provides some funding for the promotion of technology. From the Wisconsin development fund, the department may award grants or loans to businesses and associations of businesses and higher educational institutions for technology research and for purposes related to the development of new, or the improvement of existing, industrial product or process. In the 1999–2001 biennium, the department may make a grant to an association of business, governmental and educational entities for a manufacturing technology training center. Also under current law, an appropriation to the department provides funding to Forward Wisconsin, Inc., which is a private corporation, for its economic development promotion activities. Current law, however, does not contain any provision for the organization and support of a nonprofit corporation that would promote technology—based and science—based businesses in the state.

(END OF INSERT A)

for the project

STATE OF WISCONSIN – **LEGISLATIVE REFERENCE BUREAU** – LEGAL SECTION (608–266–3561)

2-23-00
Please jacket LRB-4500 for the assembly
To the assembly
and send it to
Ren. Kitty Rhosler
Rep. Kitty Rhoades
312 North
per (cevér moore 6-1526)
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